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ORIGINAL

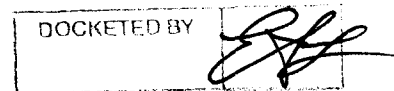
May 27, 2014

Arizona Corporation Commission

DOCKETED

JUN 02 2014

Arizona Corporation Commission
Docket Control Division
1200 W. Washington Street
Phoenix AZ 85007



RE: Commission Decision (74445) for Cibola Mutual Water Company, Inc.
Rate Case Docket #W-04106A-13-0266

The Commission has ordered our rates and charges shall be effective on the first day of the month following the filing of a notice of compliance with Arizona Dept. of Environmental Quality (ADEQ).

This item of the order will create a serious situation for CMWCo. to continue to operate.

We have been working with ADEQ on our maximum containment level (MCL) for disinfection by-products for both trihalomethanes (TTHM's) and haloacetic acids (HAA5) since September 2013. The problem seems to be we do not use enough water to purge our system of the TTHM. We have shut down one of our storage tanks (168,000 gallons) and keep the remaining storage tank (100,000 gallons) at half full. This is the minimum our system can operate. We are also flushing our lines more frequently to accomplish the required MCL of 0.080 for TTHM and 0.060 for HAA5.

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AZ CORP COMMISSION
DOCKET CONTROL

The table below shows what we have accomplished to date. Sampling is performed at two sites.

	TTHM	HAA5
10/3/13		
Site 1	0.130	0.021
Site 2	0.150	0.021
1/2/14		
Site 1	0.081	0.012
Site 2	0.100	0.0066
4/1/14		
Site 1	0.089	0.017
Site 2	0.084	0.015

Note the TTHM is not in compliance but the HAA5 has been in compliance.

Even if we do achieve the accepted MCL requirement we will not be compliant with ADEQ until we test under for one full year.

We have not been able to find any other solutions that do not require CMWCo. to purchase additional equipment at this time.

We have a quote from Medora Corp for equipment called GridBee which is a TTHM Removal System. The cost to design and install is approximately \$125,000.

We have completed a loan application to the Water Infrastructure Finance Authority (WIFA) requesting the \$125,000 to purchase the GridBee system. WIFA's next funding schedule is in July. If WIFA approves our application it will most likely take until the end of 2014 to install.

We also need an approval of debt authorization document from then ACC.

I am attaching our current financial reports for ACC to review.

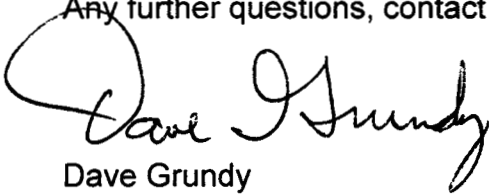
Our average monthly revenue at the current rate is approximately \$9,000-\$10,000. It will increase slightly over the summer months. CMWCo's current expenses are approximately \$35,000 which leaves an approximate \$25,000 deficit at this time. Approximately \$12,000 of this deficit is over three years old.

If CMWCo. can begin charging the new rates per the Commission in July 2014 before receiving a compliance notice from ADEQ it would help our situation. As noted CMWCo. has made progress and is continuing to work on the MCL issue.

If the ACC has any other suggestions on our financial operating problem we would appreciate the input.

I would like to have a face-to-face meeting in Phoenix with all the departments involved.

Any further questions, contact me at the office or my home (928)857-3188.

A handwritten signature in black ink, appearing to read "Dave Grundy". The signature is stylized with a large, circular initial "D" and a cursive "G".

Dave Grundy
General Manager

12:40 PM

05/26/14

Accrual Basis

Cibola Mutual Water Company, Inc.

Profit & Loss

January 1 through May 26, 2014

Jan 1 - May 26, 14

Ordinary Income/Expense	
Income	
400 · Operating Revenues	
400.1 · Membership Fees	-163.00
Total 400 · Operating Revenues	-163.00
Water Revenue	
474 · Late Charges	225.89
Water Revenue - Other	32,711.32
Total Water Revenue	32,937.21
Total Income	32,774.21
Gross Profit	32,774.21
Expense	
674 · Memberships and Renewals	483.12
621b · NSF Checks	350.00
408 · Sales Tax Expense	3,096.38
651 · Auto Expense	238.05
621 · Bank Fees	9.00
618 · Chemicals	462.11
636 · Contractual Services - Other	175.00
635 · Contractual Services - Testing	1,290.12
615 · Electric	3,049.98
408a · Federal Payroll Tax	1,542.93
655 · Insurance Expense	1,412.37
650 · Milage Reimbursement	391.68
675.5 · Office Supplies & Expense	495.19
655 · Payroll Expenses	58.40
675b · Penalty & Interest	65.70
620a · Plant Material & Supplies	1,499.62
675.4 · Postage and Delivery	261.10
684 · Repairs at Plant	82.00
601 · Salaries and Wages - Employees	18,901.50
408b · State Payroll Tax	309.44
675.7 · Telephone Expense	572.28
Total Expense	34,745.97
Net Ordinary Income	-1,971.76
Net Income	-1,971.76

System Totals Report

CIBOLA MUTUAL WATER CO.

Water Pumped This Month

1,239,000 Gallons

Water Sold This Month

552,890 Gallons

Water Used for Fire and Flushing Line

506,000 Gallons

Water Loss

180,110 Gallons

Water Loss (%)

15.00 %

Reprinted System Totals Report for 04-14

	Amount (\$)	# Of Accounts
Total Water	8,356.32	158
Total Late Fee	28.62	31
Total Reconnect	20.00	1
Total Adjustments	150.00	1
Total Tax	635.10	158
Total Current Charges	9,190.04	158

Amount Past Due 1-30 Days	1,018.14	24
Amount Past Due 31-60 Days	270.49	6
Amount Past Due Over 60 Days	3,686.37	7
Amount Of Overpayments/Prepayments	-2,214.18	44
Total Receivables	11,950.86	165

Total Receipts On Account	9,407.87	133
Net Change in Deposits	0.00	0
Amount of All Deposits	150.00	1

Turned Off Accounts (Amount Owed)	0.00	30
Collection Accounts (Amount Owed)	3,493.60	30
Number Of Unread (Turned On) Meters		11
Average Usage For Active Meters	3,499	169
Average Water Charge For Active Meters	49.45	158

Usage Groups	Gallons	# Of Accounts	Usage Gallons	% Of Usage	% Of Sales
Over 50,000		1	75,250	13.61	3.00
40,001-50,000		0	0	0.00	0.00
30,001-40,000		1	32,970	5.96	1.58
20,001-30,000		3	62,740	11.35	3.42
10,001-20,000		6	92,190	16.67	5.65
8,001-10,000		6	51,030	9.23	4.53
6,001-8,000		13	87,440	15.82	9.09
4,001-6,000		13	65,930	11.92	8.64
2,001-4,000		14	34,830	6.30	8.37
1-2,000		69	50,510	9.14	38.43
Zero Usage		32	0	0.00	17.29
Total Meters		169	552,890	100.00	100.00